

USPS-T-I

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

EXPERIMENTAL "RIDE-ALONG" CLASSIFICATION
CHANGE FOR PERIODICALS, 1999

Docket No. MCOO-1

DIRECT TESTIMONY
OF
ALTAF H. TAUFIQUE
ON BEHALF OF
UNITED STATES POSTAL SERVICE

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AUTOBIOGRAPHICAL SKETCH

2 My name is Altaf H. Taufique. I currently serve as an economist in the
3 office of Pricing at the United States Postal Service. Prior to joining the Postal
4 Service in July 1996, I was employed by the Gulf States Utilities Company (GSU)
5 in Beaumont, Texas, from 1980 to 1994. At GSU, I served as an economic
6 analyst in the Corporate Planning department and was subsequently promoted
7 to Economist, Senior Economist and finally to the position of Director, Economic
8 Analysis and Forecasting. My responsibilities at GSU included the preparation of
9 the official energy, load and short-term revenue forecasts, and the economic
10 forecasts, for the regions served by the Company.

11 I have testified before the Public Utility Commission of Texas in Austin
12 and the Federal Energy Regulatory Commission in Washington, D.C. My
13 testimony defended GSU's official energy and load forecasts. I have testified
14 before the Postal Rate Commission in four other proceedings, In Docket No.
15 **MC96-3**, I filed rebuttal testimony that dealt with the Postal Service's role in the
16 post office box market, and other issues relating to pricing of post office boxes.
17 In Docket No. **MC97-5**, I rebutted a claim of undue harm to Postal Service
18 competitors due to the proposed packaging service. In Docket No. **R97-1**, my
19 direct testimony presented the rate proposals for the Periodicals Regular and
20 Within County subclasses, and my rebuttal testimony challenged a proposal to
21 allocate institutional costs based on weighted attributable costs. My latest
22 testimony, filed in Docket No. **MC99-3**, addressed the issue of a rate anomaly
23 affecting Nonprofit and Classroom Periodicals mailers.

1 I received a Master's Degree in Economics from Central Missouri State
2 University in Warrensburg, Missouri in 1976, and a Bachelor's degree in
3 Economics & International Relations from Karachi University in Karachi,
4 Pakistan. I have also completed thirty-three credit hours of coursework towards
5 a Ph.D. in Economics at Southern Illinois University. I taught economics at
6 Chadron State College in Chadron, Nebraska between 1978 and 1980. During
7 my employment at GSU in Texas, I taught courses in economics at Lamar
8 University in Port Arthur, Texas.

I. PURPOSE OF TESTIMONY

The purpose of my testimony is to present the Postal Service's proposal for an experimental "Ride-Along" classification change for Periodicals. Currently, Periodicals mailers are allowed to include Standard (A) attachments or enclosures with periodicals, and are required to pay the applicable Standard (A) rate based on the worksharing performed by the mailer on the host-piece. Under this arrangement, the Postal Service collects postage for a separate mail piece, even though the enclosure is processed and delivered with the host piece. This provides an undue disincentive for the mailers to sell this type of advertising to their ultimate clients, the advertisers. The proposed classification change would provide a simpler, more affordable alternative.

I propose to add a new paragraph labeled **443.1a** in DMCS Section 443.1 and accompanying changes to the Rate Schedules for the Periodicals subclasses for the proposed two year duration of the experiment. The following footnote is proposed to be added to the Periodicals rate schedules: "For a **"Ride-Along"** item enclosed with or attached to a periodical, add \$0.10 per copy (experimental)."

My testimony provides the details of the proposal, as well as an estimate of its impact on postal revenues and costs. Furthermore, I address the relevant statutory criteria supporting the proposed experimental classification change and rate, and discuss compliance with the rules established in Section 3001.67 involving experimental changes. My testimony also presents the data collection plan.

II. REVIEW OF THE PROPOSAL

A. Current Status

Currently, Periodicals mailers face restrictions both on the amount and type of advertising that can be included either within the publication, or as a supplement. For example, commercially available products such as cosmetics and perfumes are prohibited from being mailed at Periodicals rates. So are contents which are not comprised of printed sheets such as cloth, leather, and other non-paper material. All advertising matter or other enclosures or attachments that do **not meet** the requirements for mailing at Periodicals rates can be attached to the publication or included as enclosures, but **pay a separate** Standard (A) rate. The Standard (A) postage applied is the same as a stand-alone Standard (A) piece would pay if it were mailed as a separate piece, even though the enclosure or attachment is processed and delivered with the host piece. This arrangement requires the mailer to pay processing and delivery costs for two pieces, whereas the Postal Service, for the most part, has incurred processing and delivery costs for only one piece. Publishers apparently deem the current structure to be prohibitively expensive, as explained by witness Schwartz. See USPS-T-2. As a result, in some instances, one may find a product sample in the newsstand copy, but a mailed copy to a regular subscriber may not include the same enclosure.

Currently, the revenue stream, albeit a small one, generated with these enclosures or attachments is **reported** with Standard (A), but additional costs, if any, are included with the Periodicals subclass.

B. Description of the Proposal

To address these problems, the Postal Service is proposing an experimental "Ride-Along" classification change for all subclasses of Periodicals. This classification change would be applicable to Standard (A) material (advertising or otherwise) attached to or enclosed with the Periodicals host copy. A uniform rate of 10 cents per copy is proposed for this attachment or enclosure. Under the experimental classification change, only one "Ride-Along" piece would be allowed per copy. Mailers desiring to mail multiple attachments or enclosures, that are currently ineligible for Periodicals rates, with their Periodicals copies can still use the Standard (A) arrangement for additional items. The Postal Service is not proposing to delete the portion of the DMCS that allows Standard (A) enclosures or attachments with Periodicals.

The weight of the "Ride-Along" piece cannot exceed the weight of the host Periodical copy, and under no circumstances can it exceed 3.3 ounces. The "Ride-Along" enclosure or attachment can be included in both letter-size and flat-size pieces as long as the shape and automation compatibility of the host piece does not change as a result of enclosing the "Ride-Along." I discuss the physical requirements for the host piece with a "Ride-Along" item under the subtitle "Eligibility" below. Both revenues and costs for this classification will be reported with Periodicals revenues and costs for the subclass of the host piece. Neither the weight nor the content of the "Ride-Along" piece will affect the rate of the Periodicals host copy.

C. Rationale for the Proposal

The experimental "Ride-Along" classification change for Periodicals is expected to provide a cost-effective method to mail what are now Standard (A) supplements, including very small product samples, to targeted markets. The rate of 10 cents for the "Ride-Along" enclosure or attachment will be limited, during the proposed experiment, to one piece weighing a maximum of 3.3 ounces for each copy mailed. The one-piece limit for "Ride-Along" enclosures or attachments is to ensure that the unique characteristics of Periodicals are maintained while providing an effective medium for targeted advertising. Neither the Periodicals industry nor the Postal Service wishes to provide an incentive to the customers to clutter up magazines with numerous advertising pieces or other ineligible enclosures or attachments. Also, this attractive rate will only be possible if the inclusion of a "Ride-Along" piece does not cause any significant additional mail processing or delivery costs, which become a greater likelihood with numerous "Ride-Along" pieces.

As stated earlier, a compelling reason for this classification change is that the current arrangement with Standard (A) enclosures and attachments assumes two separate mailings, whereas, in reality the Postal Service processes and delivers just one piece. As long as the shape and automation compatibility of the host piece is not affected by the inclusion of the "Ride-Along" piece, then, presumably, any additional cost would be caused only by the additional weight of the "Ride-Along" piece. The physical requirements for the "Ride-Along" classification, which are much more stringent than for Standard (A) attachments

or enclosures, are designed to assure this outcome. Also, the Postal Service is expecting to collect detailed data on the pieces mailed during the experiment, as described below.

Given the current advertising pound rate schedule for Regular Rate Periodicals, an additional 3.3 ounces mailed to Zone 8 would require additional postage of 10.2 cents. It is safe to assume that not all "Ride-Along" pieces will weigh 3.3 ounces nor will they all be mailed to Zone 8. The physical requirements for the "Ride-Along" piece have been purposely drafted to attempt to ensure that the inclusion of a "Ride-Along" piece does not result in any additional mail processing or delivery costs. Therefore, the 1 O-cent per-copy rate should comfortably cover any additional cost due to incremental weight, and also provide contribution that comfortably exceeds the contribution deemed reasonable for the Periodicals subclass.

D. Eligibility

The Postal Service proposes that all Periodicals subclasses, i.e. Regular Rate (including Science of Agriculture), Nonprofit, Classroom and Within County, be eligible to use this experimental "Ride-Along" classification change to mail product samples and other Standard (A) supplements. The proposed change will require that publications including "Ride-Along" enclosures or attachments have uniform thickness, and maintain the shape and automation compatibility of the host piece.

Uniform thickness will be required in order to maintain the stackability of Periodicals, both for induction of the piece to an automated flat sorter, and for

sortation and delivery by carriers at the delivery office. If a “Ride-Along” item causes the host piece to become uneven and/or bulky, it could cause the piece to become significantly more costly to handle.

Likewise, the resulting mailpiece (with enclosure) will be required to maintain its original shape, be it a flat or letter. If a letter-shaped piece were to become flat-shaped, or a flat-shaped piece were to become parcel-shaped by virtue of the “Ride-Along,” the costs could increase significantly.’

Host pieces that are automation compatible and claim the automation discounts also will be required to remain within the constraints of the automation requirements of the original piece. For example, an FSM 881 compatible piece will not be allowed to migrate to FSM 1000 compatibility because of the addition of a “Ride-Along” piece.

E. Revenue and Cost Impact

An accurate estimate of current revenue generated from Standard (A) enclosures or attachments with Periodicals is not available through the Postal Service data systems. The Domestic RPW (DRPW) Sampling System does not record data for permit imprint Standard Mail (A) or Periodicals. It does have recording capability, however, for Standard Mail (A) or Periodicals attachments

¹ A host piece that is originally a flat, i.e. exceeding one or more of the maximum letter dimensions and not more than 15”X12”X3/4”, will be required to remain within those dimensions with the “Ride-Along.” In the same manner, if a letter-size piece meets the dimension requirements in DMM C050.20, then there will be a requirement that the inclusion of a “Ride-Along” enclosure or attachment should not cause the thickness to exceed 1/4”. Also, DMM C810 requirements, including the requirements for heavy letters under DMM C810.7.5, will have to be met, if applicable.

and enclosures that are visible to the data collector and have metered or stamp
indicia. Because data collectors do not sample permit imprint Standard Mail (A)
or Periodicals, they have no opportunity to systematically and completely record
related attachment and enclosure revenue. The result is that the DRPW will
tend to underestimate enclosure and attachment revenue associated with
Standard Mail (A) and Periodicals compared to sources deriving from either the
Centralized Postage Payment System or Bulk Mail Entry Unit data.

Therefore, the most reliable, but incomplete, data on these enclosures
and attachments is available through the Centralized Postage Payment (CPP)
System. Almost 42 percent of Regular Rate Periodical revenue is generated
through CPP. For FY98, CPP reports 12.6 million Standard (A) pieces with
Periodicals generating \$2.7 million in postage. The average rate per piece,
based on these figures, is approximately 21.6 cents. See Exhibit I.

Since most large Periodical mailers make payments to the Postal Service
through CPP, it can be safely assumed that the majority of Standard (A)
enclosures and attachments are reported through this system. There is no way
to know exactly how many of these enclosures or attachments are being mailed
outside the CPP system. For argument's sake, if we conservatively assume that
only 50 percent of the pieces are reported through the CPP, then the total
number of pieces should be in the range of 25 million, generating approximately
\$5.5 million in postage. See Exhibit I.

These revenue and piece figures are a very small percent of total revenue
and volume in either commercial Standard (A) or Periodicals (Regular)

subclasses. For instance, during FY98, Periodicals Regular volume was 7.2 billion pieces generating \$1.6 billion. In percent terms, Standard (A) enclosure and attachment volume and revenue are approximately 0.3 percent of Periodicals Regular volume and revenue. Compared to commercial Standard (A) volume of 69 billion pieces and revenue of \$12.1 billion in FY98, the enclosure and attachment volume and revenue figures are only 0.04 percent. Therefore, it is expected that the revenue impact of this classification change on either the affected classes or on overall Postal Service volume and revenue is minimal.

The impact of this classification change and the proposed rate for "Ride-Along" on future volumes is difficult to assess simply because Postal Service customers, i.e. publishers of various periodicals, are not the ultimate end-users of the product. Advertisers of the product are the ultimate customers, working through the publishers. The price that advertisers pay for such advertising includes postage but also includes preparation, printing and attachment or enclosing of the mail piece to or in the periodical. Because of these individual agreements between advertisers and publishers for the overall package, the Postal Service currently cannot gauge the response of advertisers to this classification change, which is just one part of the package deal. Since mailer groups initiated the concept of the "Ride-Along" classification change, the Postal Service is relying on their estimate of an additional 77 million pieces resulting from this classification change. See Testimony of witness Schwartz, USPS-T-2.

The estimate of future revenue, therefore, is based on two assumptions. All existing pieces mailed as Standard (A) enclosures or attachments, estimated

to be approximately 25 million pieces in FY98, shift to the new "Ride-Along" classification and an additional 77 million pieces **are** added to the mail stream as "Ride-Along" enclosures. Total revenue resulting from this change at the rate of 10 cents per copy is expected to be in the range of \$10.2 million. Since the estimate of current revenue at the average Standard (A) rate is approximately \$5.5 million, net additional revenue is estimated to be approximately \$4.8 million. The total copies and revenue during the experiment would be reported with Periodicals subclasses. Given the magnitude of both the Periodicals and Standard (A) subclasses, this change is minimal.

The impact on Periodical costs, likewise, is minimal. First, the cost of current Standard (A) enclosure or attachment (estimated to be approximately 25 million pieces), if any, is already captured with Periodical costs. Second, the only potential additional cost **would** be caused by the additional weight. Piece-related costs, either in mail processing or delivery, are not expected to change due to the physical requirements discussed under "Eligibility."

III. DESIGNATION AS EXPERIMENTAL

A. Objectives of Experiment

A major objective of the experiment is to gauge the reaction of advertisers and publishers to this classification change. As indicated earlier in my testimony, market research may not provide the needed answers. Publishers who are direct customers of the Postal Service for this product are not the ultimate consumers or end-users of the product. They, in turn, sell a complete advertising package to

1 their customers. Postage is obviously a part of this package, but there are other
2 considerations. Also, the arrangements between publishers and advertisers are
3 not uniform. Therefore, actually offering the classification change and the rate,
4 on an experimental basis, is the best way to measure the reaction of the market
5 place to this classification change.

6 Another key concern that will be addressed in this experiment is the impact of
“Ride-Along” pieces on Periodicals costs. Physical requirements have been
8 drafted to ensure that mail processing and delivery costs do not increase due to
9 the inclusion of the “Ride-Along” piece; and during the course of the experiment,
10 the Postal Service intends to physically collect samples of all the pieces mailed
11 with “Ride-Along” attachments or enclosures. These pieces will be examined to
12 assure that additional mail processing and delivery costs are not being incurred
13 due to these attachments or enclosures.

14 **B. Compliance with Section 3001.67**

15 **1. Novel in Nature**

16 The idea of Standard (A) enclosures and attachments with Periodicals per
17 se is not novel, but a Periodicals classification and rate for an enclosure or
18 attachment is definitely novel, given the content restrictions of the Periodicals
19 class. Providing a new, effective advertising medium for Periodicals mailers,
20 while maintaining the educational, scientific, cultural and informational (ECSI)
21 value of the mailpiece to the subscriber, is a novel concept that merits this
22 experimental classification change.

2. Magnitude of Proposed Change

Overall, the magnitude of this change on postal costs, postal revenues, mailer practices and competition should be minimal during the course of the experiment. As stated earlier in my testimony, both current and future volumes and revenues relating to this classification change are minimal when compared to either of the affected classes, i.e. Standard (A) and Periodicals. When compared to overall Postal Service volume and revenue, the "Ride-Along" volume and revenue are even smaller.

The impact of this classification change on the Postal Service's competitors should be minimal. First, paraphrasing witness Schwartz (See USPS-T-Z), these units have been historically designed for **inclusion** with periodicals and are not sent independently of periodicals. Therefore, Postal Service competitors that provide alternate delivery of Standard (A) type material should not be materially affected by this classification change. Second, if delivery through newsstand is considered **as** an alternate delivery, then the current structure that requires a stand-alone rate for Standard (A) enclosures puts the Postal Service at a competitive disadvantage. As I have indicated earlier in my testimony, in some instances, a product sample is attached to the newsstand copy, but the mailed copy to a regular subscriber may not include the same attachment. Third, alternate delivery of newspapers, in many cases, includes a product sample such as a small box of cereal. The Postal Service does not expect to divert volume from this type of delivery for several reasons. One reason is that some larger product samples such as cereal boxes would not

meet the stringent size, shape and machinability criteria that will be required for the experimental classification. Another reason is that the market segments served by local newspapers and other alternate delivery systems are probably distinct and more local than the segments targeted by advertisers in national periodicals.

Also, as discussed earlier in my testimony, Periodicals costs currently include the additional cost, if any, of the current 25 million or so Standard (A) enclosures or attachments. It is important to note that these current enclosures or attachments are not required to meet any of the physical requirements that the Postal Service intends for the new classification of "Ride-Along." Therefore, the Postal Service expects a very minimal effect on Periodicals cost resulting from this classification change.

3. Data Generation

The Postal Service expects to collect the appropriate data related to this classification change during the experiment. An alternate mailing statement to be utilized by mailers intending to mail "Ride-Along" pieces under the experiment would be used to collect data on revenue, weights and pieces for "Ride-Along" attachments or enclosures.

Mailers who use this classification to mail "Ride-Along" attachments or enclosures would be required to separately provide a sample of the mail-piece, an additional copy of the mailing statement, and a response to a simple questionnaire regarding the mail piece, including a contact and address for the

1 advertiser of the product. ² The examination of actual pieces with “Ride-Along”
2 attachments or enclosures would provide relevant data to either support or refute
3 the hypothesis of additional mail processing and/or delivery cost due to the
4 inclusion of “Ride-Along” piece. The weight of the “Ride-Along” piece combined
5 with zoned distribution of pounds would provide additional information related to
6 additional weight to various zones.

7 IV. CLASSIFICATION CRITERIA

8 Section 3623(c) of title 39 U.S.C. requires the Commission to make its
9 decision on establishing a new classification in accordance with the following
10 factors:

- 11 1. the establishment and maintenance of a fair and equitable
12 classification system for all mail;
13
- 14 2. the relative value to the people of the kinds of mail matter entered into
15 the postal system and the desirability and justification for special
16 classifications and services of mail;
17
- 18 3. the importance of providing classifications with extremely high degrees
19 of reliability and speed of delivery;
20
- 21 4. the importance of providing classifications which do not require an
22 extremely high degree of reliability and speed of delivery;
23
- 24 5. the desirability of special classifications from the point of view of both
25 the user and of the Postal Service; and
26
- 27 6. such other factors as the Commission may deem appropriate;
28

² It is expected that the diversion from other mail classes such as Standard (A) or First Class would be minimal due to the fact that “Ride-Along” pieces historically have been designed to be included with Periodicals. Nevertheless, the Postal Service is planning to conduct a survey of advertisers to estimate any such diversion. Attachment A, the data collection plan, under the subheading of Market Data discusses the purpose of such a survey.

The fairness and equity of the current arrangement for Standard (A)

enclosures and attachments will improve with the introduction of the proposed classification change. As I have stated earlier in my testimony, the current arrangement with Standard (A) enclosures assumes two separate mailings, whereas, from a cost perspective, the Postal Service processes and delivers just one piece. Fairness and equity would indicate that if the enclosure or attachment does not add any additional mail processing and delivery cost, then it should not have to pay for it.

The elements of criteria 2 and 5, addressing the relative value of the mail matter and the desirability and justification of special classifications from the point of view of the user and the Postal Service, also support the proposed experimental classification change. Witness Schwartz is filing testimony on behalf of the Postal Service in this case as a knowledgeable member of the industry. His testimony and this proposal is supported by Magazine Publishers of America (MPA), American Business Press (ABP), and Time Warner. As stated in his testimony, the publishing industry initiated the process that became the genesis of this filing. See USPS-T-2. The classification is designed to encourage a low cost, targeted advertising attachment or enclosure without significantly impacting the ECSI consideration of the Periodicals subclass. The additional revenue, albeit small, from this classification change could help increase the low cost coverage of the Periodicals class. This experimental classification provides a desirable outcome both from the perspective of the Postal Service and mailers.

V. PRICING CRITERIA

In assessing the proposed classification change, the Postal Service has also addressed the factors contained in 39 U.S.C. § 3622(b):

1. the establishment and maintenance of a fair and equitable schedule;
2. the value of mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery;
3. the requirement that each class of mail service bear the direct and indirect postal costs attributable to that class or type plus that portion of all other costs of the Postal Service reasonably assignable to such class or type;
4. the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters;
5. the available alternate means of sending and receiving letters and other mail matter at reasonable costs;
6. the degree of preparation of mail for delivery into the postal system performed by the mailer and its effects upon reducing costs to the Postal Service;
7. simplicity of structure for the entire schedule and simple, identifiable relationship between the rates or fees charged the various classes of mail for postal services;
8. the educational, cultural, scientific, and informational value to the recipient of mail matter, and;
9. such other factors as the Commission deems appropriate.

As stated in the previous section, the proposed classification change would improve the fairness and equity of the current structure allowing mailers to mail Standard (A) material with Periodicals. Mailers would be required to pay for the service actually received rather than paying for a separate mail piece which

2 The current rate structure for mailing a Standard (A) attachment or
3 enclosure is fairly complicated since it requires both the mailer and the Postal
4 Service to deal with two separate rate schedules in **calculating** the postage for
5 Periodicals with Standard (A) enclosures. The proposed experimental
6 classification change would simplify the existing structure, thus satisfying the
7 intent of criterion 7.

8 Criterion 8, which requires consideration of **ECSI** value, is satisfied with
9 the proposed experimental classification change because of the one-piece
10 restriction.

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12

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14

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ATTACHMENT A

Data Collection Plan

This attachment provides a description of the Postal Service's data collection plan for the proposed experimental classification change, as required by rule 67(c). The purpose of the data collection plan is to provide a measure of the effectiveness of the proposed experiment and the data necessary to prepare a request for a permanent classification change, should the experiment prove successful. The plan has been designed to collect data required by the Commission's rules 64 and 54, and data desired for postal management's evaluation of the proposed classification change.

REVENUE, PIECES AND WEIGHT

Data on revenue, pieces and weight will be collected through the Mailing Statements. An alternate version of Form 3541 will be available electronically to the mailers desiring to use the new experimental classification. The alternate form will have an additional line for "Ride-Along" which would translate into a Volume Information Profile (VIP) code for reporting purposes. VIP codes are used by the Postal Service to reflect volume and revenue by rate cells for various Periodicals subclasses. Mailers desiring to mail "Ride-Along" pieces attached to or enclosed in the host piece would report number of pieces, weight and revenue associated with these "Ride-Along" pieces.

IMPACT ON COST

Increases in cost could occur if the inclusion of "Ride-Along" causes additional mail processing or delivery costs. The Postal Service intends to collect

samples of all the pieces with "Ride-Along" attachments. Business Mail Entry
2 Unit (BMEU) clerks across the postal system will be directed to forward these
3 mail pieces to a central location. Evaluation of these pieces will serve a dual
4 purpose. If the mail piece does not meet the requirements established for the
5 "Ride-Along" classification, then the Postal Service will be able to notify the
6 publisher and the printer in a timely fashion so that future pieces would comply
with the requirements. A second, more important purpose is the evaluation of the
8 mail piece to ensure that additional mail processing and delivery costs are not
9 being incurred due to the inclusion of the "Ride-Along" attachment.

10 In addition to the sample mail piece, BMEU employee **will** also be required
11 to mail a copy of the mailing statement to the central location. Evaluation of the
12 mailing statement is expected to provide data on zoned distribution of the
13 mailing.

14 In the event that this census type data collection effort turns out to be
15 overwhelming in terms of sheer numbers, a sampling system would be
16 developed to collect similar data.

17 **MARKET DATA**

18 A survey of advertisers will be conducted by the Postal Service. The
19 purpose of this survey will be to estimate any diversion from other classes of mail
20 as well as from alternate delivery mediums.

21

EXHIBIT I
VOLUME AND REVENUE ESTIMATES • STANDARD (A) AND
“RIDE-ALONG” ENCLOSURES AND ATTACHMENTS

STANDARD (A) ATTACHMENTS AND ENCLOSURES WITH PERIODICALS
September 15, 1997 to September 11, 1998
FY98 CPP MAILINGS ONLY

REVENUE	\$ 2,726,133
PIECES	12,631,993
WEIGHT	1,451,574
REVENUE/PIECE	\$ 0.216
WEIGHT/PIECE (ounces)	1.8

ESTIMATION OF TOTAL STANDARD (A) ENCLOSURES AND ATTACHMENTS
ASSUMPTION: CPP Accounts for 50 Percent

REVENUE	\$ 5,452,266
PIECES	25,263,986
WEIGHT	2,903,148
REVENUE/PIECE	IS 0.216
WEIGHT/PIECE (ounces)	1.8

ESTIMATED PIECES AND REVENUE • “RIDE-ALONG” CLASSIFICATION CHANGE

CURRENT PIECES	25,263,986
ADDITIONAL PIECES	77,147,000
Source: USPS-T-2	
TOTAL PIECES	102,410,986
TOTAL REVENUE @ \$0.10	\$ 10,241,099
CHANGE IN REVENUE	\$ 4,788,833